

MICHIGAN ECONOMIC INDICATORS

A newsletter on key economic indicators prepared by the Senate Fiscal Agency.

ECONOMIC HIGHLIGHTS



- The advance estimate for **inflation-adjusted Gross Domestic Product (GDP)** indicated an annualized growth rate of 3.9% in the third quarter of 2007, up from 3.8% in the second quarter and 0.6% during the first quarter. Weakness in residential investment essentially wiped out any positive contribution from business investment, but solid growth in personal consumption expenditures accounted for about half of the growth rate. The other half of the growth largely reflected the weakened value of the dollar, which helped boost exports 16.2%, while imports rose only 5.2%.
- Seasonally-adjusted **housing starts** continued declining in September, reaching the lowest level since March 1993 and solidly within the range of housing starts experienced during the 1990-1991 recession. September starts were down 10.2% from the August level and down 30.8% from the year-ago level. September starts were down more than 48.0% from the most recent peak in January 2006. On a monthly basis, starts increased in the Northeast but fell in other regions, while the Midwest accounted for more than half the national decline.
- The **interest rate on 90-day Treasury bills** fell to 4.01% in September, the lowest level since December 2005, reflecting weaker expectations for the short-term economy and credit-market concerns.
- The **value of the dollar** continued to fall against major currencies, reaching the lowest level since December 1995. The value of the dollar has fallen 6.5% since October 2006 and is down 27.6% from the recent peak in February 2002.



- **Michigan wage and salary employment** fell by 11,000 jobs in September from the August level, and was 64,000 jobs below the level one year ago. An 18,000-job decline in government employment more than offset the flat or minimal growth in other sectors. Compared with one year ago, job losses in manufacturing accounted for 39.0% of the total loss, while declines in government employment accounted for more than 34.0%.
- Continuing the phenomenon exhibited for most of 2007, despite the weakness in employment, those still employed reported strong gains in **average weekly earnings** in September compared with year-ago levels. Earnings were more than 5.0% above September 2006 levels in most nonmanufacturing sectors, with personal/laundry services (up 14.0%), grocery stores (up 10.4%), and professional/business services (up 5.9%) exhibiting the largest gains. Manufacturing earnings were down 0.4% from year-ago levels.
- In September, **Michigan motor vehicle production** fell 28.3% from the August level, and was 3.7% above the level one year ago. Automobile production was 27.0% below August 2006, while truck production was up 21.3%. Michigan's share of U.S. production rose from 18.5% in September 2006, to 19.8% in September 2007. In recent months, Michigan vehicle production has consistently represented a larger share of national production than in the previous year.



SEPTEMBER 2007

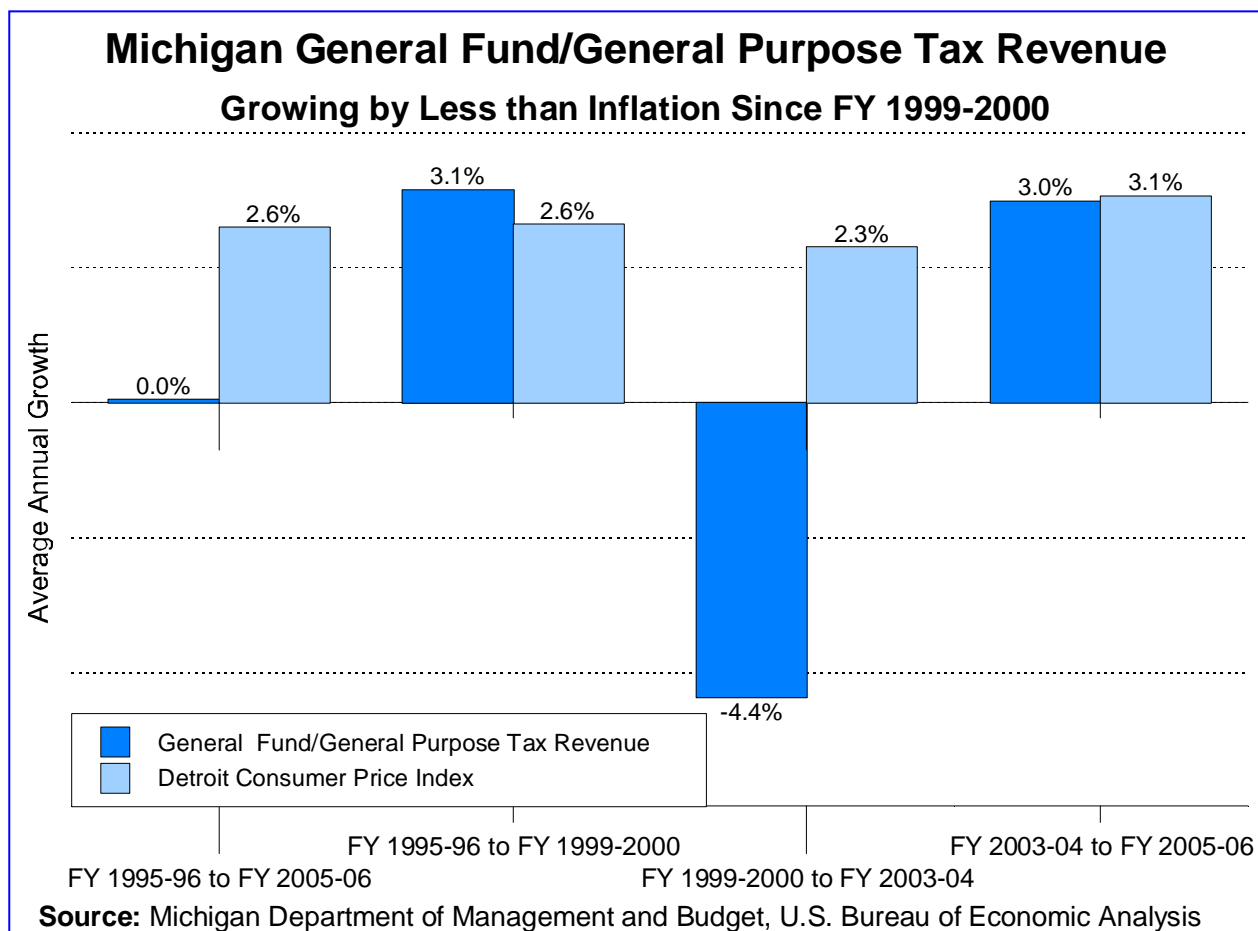
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U.S. & MICHIGAN LABOR MARKET NEWS
(Seasonally adjusted, thousands)

U.S.	Sept. 2007	Aug. 2007	Sept. 2006	Change from August		Change from Year Ago	
				Number	Percent	Number	Percent
Labor Force	153,464	152,891	151,818	573	0.4%	1,646	1.1%
Employment	146,257	145,794	144,906	463	0.3	1,351	0.9
Unemployment	7,207	7,097	6,912	110	1.5	295	4.3
Unemployment Rate	4.7%	4.6%	4.6%	---	---	---	---

Michigan	Sept. 2007	Aug. 2007	Sept. 2006	Change from August		Change from Year Ago	
				Number	Percent	Number	Percent
Labor Force	5,046	5,004	5,085	42	0.8%	(39)	(0.8)%
Employment	4,668	4,632	4,725	36	0.8	(57)	(1.2)
Unemployment	378	372	360	6	1.5	18	5.0
Unemployment Rate	7.5%	7.4%	7.1%	---	---	---	---

Source: Bureau of Labor Statistics, U.S. Department of Labor



MICHIGAN WAGE AND SALARY EMPLOYMENT (Seasonally adjusted, thousands)							
	Sept. 2007*	Aug. 2007	Sept. 2006	<u>Change from August</u>		<u>Change from Yr Ago</u>	
				Number	Percent	Number	Percent
Total Nonagricultural Jobs	4,269	4,280	4,333	(11)	(0.2)%	(64)	(1.5)%
Goods Producing Industries	786	788	828	(2)	(0.3)	(42)	(5.1)
Natural Resources & Mining	8	8	8	0	0.0	(0)	(1.2)
Construction	162	162	179	0	0.1	(17)	(9.6)
Manufacturing	616	618	641	(2)	(0.3)	(25)	(3.9)
Transportation Equipment	195	195	213	0	0.0	(18)	(8.5)
Service Producing Industries	3,483	3,491	3,505	(9)	(0.2)	(22)	(0.6)
Trade, Transportation & Utilities	781	780	792	1	0.2	(11)	(1.4)
Information	66	66	67	0	0.5	(1)	(0.7)
Financial Activities	213	212	216	1	0.6	(3)	(1.4)
Professional & Business Services	585	585	588	(1)	(0.1)	(3)	(0.5)
Education & Health Services	596	593	585	3	0.5	12	2.0
Leisure & Hospitality Services	413	409	407	4	0.9	6	1.5
Other Services	177	177	178	0	0.2	(1)	(0.6)
Government	652	670	673	(18)	(2.7)	(22)	(3.2)

Source: Bureau of Labor Statistics, U.S. Department of Labor * Preliminary

MICHIGAN AVERAGE WEEKLY HOURS AND EARNINGS						
Industry	<u>Average Weekly Hours</u>			<u>Average Weekly Earnings</u>		
	Sept. 2007	Year Ago	Percent Change	Sept. 2007	Year Ago	Percent Change
Construction	36.5	38.2	(4.5)%	\$794.61	\$822.45	(3.4)%
Manufacturing	43.7	43.6	0.2	961.84	966.18	(0.4)
Durable Goods	45.4	44.6	1.8	1,075.98	1,069.95	0.6
Motor Vehicle Manufacturing	43.5	44.5	(2.2)	1,384.17	1,394.63	(0.8)
Motor Vehicle Parts Manufacturing	44.3	43.3	2.3	1,157.56	1,182.52	(2.1)
Nondurable Goods	38.1	40.1	(5.0)	589.41	616.74	(4.4)
Wholesale Trade	39.3	39.9	(1.5)	763.60	771.67	(1.0)
Retail Trade	31.7	30.3	4.6	392.13	372.69	5.2
Grocery Stores	28.0	26.9	4.1	264.88	239.95	10.4
General Merchandise Stores	31.4	30.2	4.0	330.96	314.99	5.1
Information	34.5	35.3	(2.3)	740.72	702.47	5.4
Financial Activities	34.1	33.5	1.8	620.62	591.28	5.0
Professional & Business Services	35.2	35.1	0.3	697.31	658.48	5.9
Health Care & Social Assistance	36.5	35.3	3.4	622.33	597.63	4.1
Leisure & Hospitality	22.2	22.9	(3.1)	203.13	196.71	3.3
Personal & Laundry Services	26.4	23.2	13.8	299.90	263.09	14.0

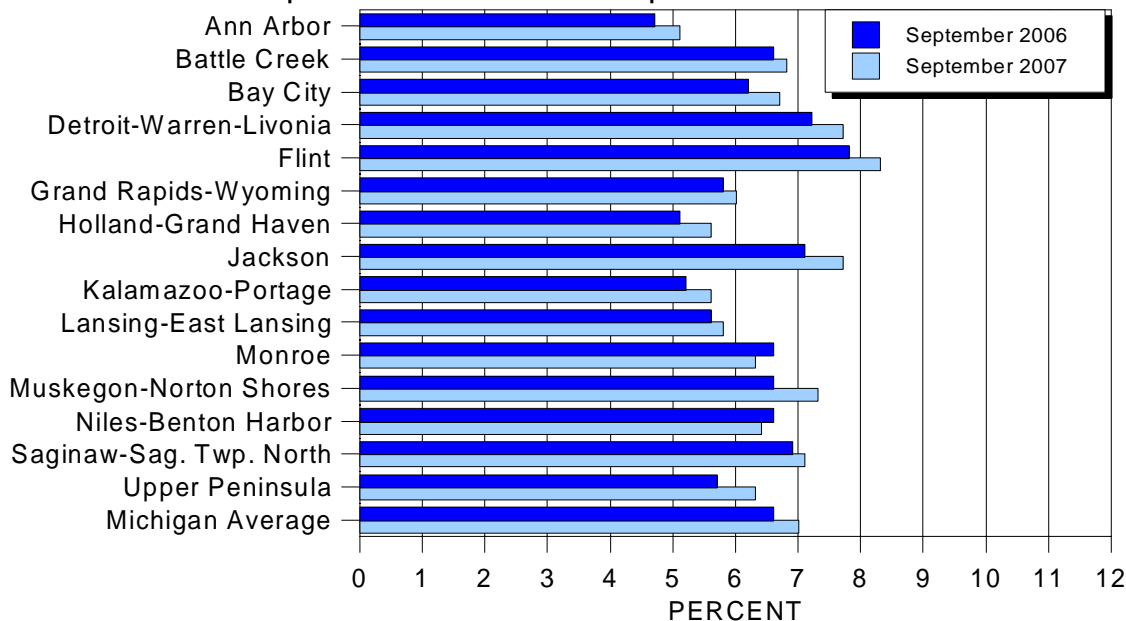
Source: Bureau of Labor Statistics, U.S. Department of Labor

**MICHIGAN UNEMPLOYMENT RATES
BY SELECTED METROPOLITAN AREAS AND MULTI-COUNTY AREAS
(Not Adjusted for Seasonal Variations)**

	Sept. 2007*	Aug. 2007	July 2007	Sept. 2006
Metropolitan Statistical Areas				
Ann Arbor	5.1%	5.0%	5.6%	4.7%
Battle Creek	6.8	6.6	7.6	6.6
Bay City	6.7	6.4	7.5	6.2
Detroit-Warren-Livonia	7.7	7.9	8.4	7.2
Flint	8.3	8.0	9.8	7.8
Grand Rapids-Wyoming	6.0	5.9	6.9	5.8
Holland-Grand Haven	5.6	5.3	6.1	5.1
Jackson	7.7	7.6	8.2	7.1
Kalamazoo-Portage	5.6	5.4	6.3	5.2
Lansing-East Lansing	5.8	5.7	7.2	5.6
Monroe	6.3	6.4	8.2	6.6
Muskegon-Norton Shores	7.3	7.1	8.0	6.6
Niles-Benton Harbor	6.4	6.3	7.4	6.6
Saginaw-Saginaw Twp North	7.1	6.9	8.1	6.9
Multi-County Areas				
Northeast Lower Michigan	7.7	7.6	8.4	7.1
Northwest Lower Michigan	6.5	6.3	6.8	6.0
Upper Peninsula	6.3	6.3	6.9	5.7
Michigan Statewide Average				
-- Unadjusted (comparable to figures shown above)	7.0	7.0	7.9	6.6
Source: Michigan Department of Labor and Economic Growth				*Preliminary

Michigan Regional Unemployment Rates

September 2006 and September 2007



Source: Michigan Department of Labor and Economic Growth

**MOTOR VEHICLE SALES AND PRODUCTION STATISTICS
(Thousands of Units)**

	Sept. 2007	Aug. 2007	July 2007	June 2007	Year Ago Sept.	Percent Change From:	
						Sept./Aug .	Sept. 2007/ Sept. 2006
Motor Vehicle Sales¹⁾ (thousands of units, SAAR)							
Autos	7,461	7,356	7,216	7,639	7,659	1.4%	(2.6)%
Domestics	5,180	5,146	4,924	5,245	5,317	0.7	(2.6)
Imports	2,281	2,210	2,292	2,394	2,342	3.2	(2.6)
Import Share	30.6%	30.0%	31.8%	31.3%	30.6%	---	---
Light Trucks	8,705	8,845	8,018	7,988	8,887	(1.6)	(2.0)
Domestics	7,294	7,555	6,689	6,616	7,530	(3.5)	(3.1)
Imports	1,411	1,290	1,329	1,372	1,357	9.4	4.0
Import Share	16.2%	14.6%	16.6%	17.2%	15.3%	---	---
Subtotal: Light Vehicle Sales	16,166	16,201	15,234	15,627	16,546	(0.2)	(2.3)
Heavy Trucks	331	331	322	349	547	0.0	(39.5)
Total Vehicle Sales	16,497	16,532	15,556	15,976	17,093	(0.2)	(3.5)
U.S. Motor Vehicle Production¹⁾ (millions of units, SAAR)							
Autos	3,635	3,938	4,142	4,067	4,74	(7.7)	(18.8)
Michigan Motor Vehicle Production²⁾ (thousands of units, SAAR)							
Autos	729	1,099	1,425	1,110	999	(33.7)	(27.0)
Trucks	1,129	1,493	1,637	1,447	930	(24.4)	21.3
Total	1,858	2,592	3,062	2,558	1,930	(28.3)	(3.7)
Michigan Production as % of U.S.	19.8%	21.4%	19.3%	18.3%	18.5%	---	---
U.S. Motor Vehicle Inventories³⁾							
Total Car	1,260	1,282	1,318	1,415	1,263	(1.7)	(0.3)
Days Supply	50	48	49	51	49	4.2	2.0
Total Truck	1,832	1,847	1,846	2,014	2,023	(0.8)	(9.5)
Days Supply	67	65	67	77	76	3.1	(11.8)

SAAR = Seasonally Adjusted at Annual Rates.

Sources: 1) U.S. Department of Commerce, Bureau of Economic Analysis. 2) Michigan Department of Treasury, Office of Revenue and Tax Analysis and the Senate Fiscal Agency. 3) Automotive News, Crain Communications, Inc. (ending inventory).

**Value of the Dollar Against Major Currencies
Inflation-adjusted Value at Lowest Level Since 1995**


Source: Federal Reserve Board of Governors

OTHER KEY ECONOMIC INDICATORS

Variable	Latest Period	Actual Data			Percent Chng From	
		Latest Period	Previous Period	Year Ago	Previous Period*	Year Ago
Weekly Leading Index , monthly ¹⁾ (1992=100)	September	138.8	139.1	135.4	(0.2)%	2.5%
Coincident Index ¹⁾ (1992=100)	September	155.0	154.8	151.1	0.1	2.6
Housing Starts, U.S. ²⁾ (thousands of units, SAAR)	September	1,191	1,327	1,721	(10.2)	(30.8)
Retail Sales, U.S. ²⁾ (billions, seasonally adjusted)	September	\$342.5	\$340.3	\$326.1	0.6	5.0
Industrial Production Index ³⁾ (1997=100, seasonally adjusted)	September	114.4	114.3	112.2	0.1	1.9
Capacity Utilization ³⁾ (% of total capacity, seasonally adjusted)	September	82.1	82.1	82.0	(0.1)	0.0
Consumer Price Index ⁴⁾ (1982-84=100)						
U.S. (seasonally adjusted)	September	208.3	207.7	202.7	3.2	2.8
Detroit (not seasonally adjusted)	September	199.7	201.6	198.6	(5.5)	0.5
Interest Rates						
3-month Treasury Bill ³⁾	September	4.01%	4.34%	4.82%	---	---
Corporate Aaa Bonds ³⁾	September	5.74%	5.79%	5.51%	---	---
Real Gross Domestic Product ⁵⁾ (billions of 2000 \$, SAAR, Chain-Weighted)	2007 3rd Qtr.	\$11,630.7	\$11,520.1	\$11,336.7	3.9	2.6
Michigan Tax Collections ⁶⁾ (12 major taxes, millions)	Sept. 2007	\$2,026.5	\$1,617.3	\$1,907.9	NM	6.2

SAAR = Seasonally Adjusted at Annual Rates. NM = Not Meaningful.

Revenue data vary greatly from month-to-month due to timing and other noneconomic factors.

*Note: Percent changes from previous period for CPI and GDP at annual rate.

Sources: 1) Economic Cycle Research Institute. 2) U.S. Department of Commerce, Bureau of the Census. 3) Board of Governors of the Federal Reserve System. 4) U.S. Department of Labor, Bureau of Labor Statistics. 5) U.S. Department of Commerce, Bureau of Economic Analysis. 6) Michigan Department of Treasury and the Senate Fiscal Agency.

